

REMEMBER

**If you will have employees
at your business...**

- ♦ **The law requires Workers' Compensation Insurance**
 - ♦ Even for employees who are family members
 - ♦ Even if employees are not legally permitted to work in this country
- ♦ **If a worker is injured and you do not have Worker's Compensation Insurance you can be sued personally and risk losing your assets**
- ♦ You may be charged with a crime resulting in fines and/or jail

***Be Successful
Follow the Law
Get Insurance***

WORKERS COMPENSATION INSURANCE ADDITIONAL RESOURCES

For more information or to report Fraud

Call: 909-891-3523

Anonymous tip hotline 909-891-3344

Email: daworkerscomp@sbcda.org
or visit our website at

www.co.san-bernardino.ca.us/da/workers_comp/reporting_fraud.asp



MICHAEL A. RAMOS
San Bernardino County
District Attorney

Worker's Comp Fraud Unit
412 W. Hospitality Lane, 3rd Floor
San Bernardino, CA 92415-0023

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Notification Regarding Workers' Compensation Insurance:

California Law requires that employers **MUST** have workers' compensation insurance on all employees, even if the employee is not legally permitted to work in this country. Even out-of-state employers may need workers' compensation coverage if an employee is regularly employed in California or a contract of employment is entered into here.

Generally, all employees of the company, as legally defined, including corporate officers and directors, must be included in the policy unless they are the sole owners of the firm, in which case they may elect not to be covered. You should consult with your attorney, insurance agent or broker, or your carrier regarding the specifics of your situation.

You can get workers' compensation insurance coverage from any of the more than 300 private licensed insurers authorized to sell such policies in California. While you can purchase the policy directly from an insurer, most policies are sold through an insurance agent or broker.

The largest workers' compensation carrier is State Compensation Insurance Fund (State Fund). If you can't find an insurer willing to cover your business,



State Fund is required to provide you with coverage. The cost of insurance may vary from carrier to carrier. Like any good consumer, you should shop around for a carrier that best meets your needs. Cost is one consideration, but there are other factors you should look at: the services they provide, how convenient will it be to work with them, how familiar they are with your industry, etc. If you have a broker or agent, check with that person.

A number of factors go into determining the annual premium that your insurance carrier will charge. These include: your industry classification, your company's past history of work related injuries (known as your experience modification), your payroll, any special underwriting adjustments, such as use of a certified Health Care Organization, and any special group or dividend programs that you may be eligible for.

Workers' compensation insurance is part of the cost of doing business. An employer cannot ask employees to help pay for the insurance premium.

Failure to Get Workers' Compensation Insurance

If the Division of Labor Standards Enforcement (State Labor Commissioner) determines that an employer has failed to secure workers' compensation coverage, a stop order will be issued and served (Labor Code Section 3710.1). This order prohibits the use of employee labor until the coverage is obtained, and failure to observe it is a misdemeanor punishable by imprisonment in the county jail for up to 60 days or by a fine of up to \$10,000, or both. (Labor Code Section 3710.2). The Division of Labor Standards

Enforcement will also assess a penalty of \$1,000 per employee employed at the time the stop order is issued and served. (Labor Code Section 3722(a)).

In addition, if an injured worker files a workers' compensation claim that goes before the Workers' Compensation Appeals Board, and the workers' compensation judge finds that the employer had not secured insurance as required by law, then, when the adjudication becomes final, the uninsured employer may be assessed a penalty of \$10,000 per employee employed at the time of injury if the worker's case was found compensable, or \$2,000 per employee employed at the time of injury if the worker's case was noncompensable, up to a maximum of \$100,000 (Labor Code Section 3722(b)).

Failure to secure workers' compensation insurance when you knew, or reasonably should have known, that it is required, is a misdemeanor "punishable by imprisonment in the county jail for up to one year, or by a fine of up to ten thousand dollars (\$10,000), or by both that imprisonment and fine." (Labor Code Section 3700.5)

Additionally, legal action could be taken for Unfair Labor Practices.

**California
Department of
Workers'
Compensation
1-800-736-7401**

